

Message Text

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64

ACTION EB-07

INFO OCT-01 ARA-10 IO-10 ISO-00 FEA-01 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

/115 W

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R 241100Z DEC 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3089

USDEL MTN GENEVA

UNCLAS BRASILIA 10941

FOLLOWING MESSAGE RECEIVED FROM SALVADOR ON 18 DEC 75 SENT ACTION
BRASILIA INFO RIO DE JANEIRO AND SAO PAULO, NOW BEING
REPEATED FOR YOUR ACTION.

QUOTE UNCLAS SALVADOR 0133

FOR RUSER

E.O. 11652: N/A

TAGS: ETRD BR

SUBJECT: GSP REACTIONS: CASTOR OIL EXCLUSION

1. DURING CALL BY COMMERCIAL COUNSELOR WELLS AT FEDERATION OF
INDUSTRIES DECEMBER 15, QUESTION OF EXCLUSION OF BRAZILIAN
CASTOR OIL USTS NOS 176.01 AND 176.02. FROM GSP LIST WAS
RAISED BY INDUSTRY REPS AS SOURCE OF CONCERN. CURRENT TARIFF
ON PRODUCT IS ONE AND ONE HALF CENTS PER LB, WHICH EXPORTERS
CALCULATE WILL RAISE THEIR PRICES OVER THOSE OF GSP ELIGIBLE
COMPETITORS. INDIA, PARAGUAY, ETC. BU \$33 PER TON. THIS,
THEY ASSERT, WILL PUT IN JEOPARDY BRAZIL'S POSITION AS
PRINCIPAL AND MOST RELIABLE SUPPLIER OF PRODUCT TO US MARKET.

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2. INDUSTRY SOURCES NOT ENTIRELY CLEAR AS TO REASONS FOR GSP EXCLUSION FOR BRAZILIAN CASTOR OIL. ACCORDING TO SOURCES, SOLE US PRODUCER. A TEXAS FIRM WHICH NEVER PRODUCED MORE THAN 10.000 TYPY. HAS GOTTEN OUT OF CASTOR CULTURE, THUS LEAVING MARKET ENTIRELY OPEN FOR FOREIGN SUPPLIERS. SINCE THIS IS THE CASE, LOCAL INDUSTRY DOUBTS THAT CASTOR OIL COULD HAVE BEEN EXCLUDED FROM GSP LIST AS QUOTE IMPORT-SENSITIVE, UNQUOTE COMPETITIVE PRODUCT UNDER SECTION 503 OF TRADE ACT.

3. OTHER POSSIBILITY PRS I.E., EXCLUSION UNDER COMPETITIVE NEED FORMULA PRS ALSO SEEMS ILLOGICAL, SINCE SECTION 504 PRS D PRS WAIVES THIS PROVISION QUOTE IF A LIKE OR DIRECTLY COMPETITIVE ARTICLE IS NOT PRODUCED ON THE DATE OF ENACTMENT OF THIS ACT IN THE U.S. UNQUOTE AGAIN, ABSENCE OF US PRODUCER VIEWED HERE AS CRUCIAL FACT.

4. LOCAL INDUSTRY SOURCES SAY THAT US CASTOR OIL ASSOCIATION, WHICH DEPENDS IN LARGE PART ON BRAZILIAN OIL FOR ITS SUPPLIES, HAS ALREADY PROTESTED TO INTERNATIONAL TRADE COMMISSION OVER EXCLUSION OF PRODUCT FROM GSP LIST. INDUSTRY HERE INTENDS TO FOLLOW SUIT, AND WILL PROBABLY DO SO VERY QUICKLY IN VIEW IMMINENCE JANUARY 1 ENTRY INTO FORCE OF US GSP.

5. IN LIGHT OF ABOVE, AND IN ANTICIPATION OF RECEIPT OF PROMISED COMMUNICATION FOR ITC, CONSULATE WOULD APPRECIATE RECEIVING AVAILABLE BACKGROUND ON ABOVE PROBLEM AND GUIDANCE FOR USE WITH LOCAL INDUSTRY. SLEIGHT. UNQUOTE.
CRIMMINS

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